1986 ANNUAL REPORT

STABILITY
SERVICE
SECURITY

1917 **70** 1987

YEARS

Teachers' Superannuation Commission
Commission du régime de retraite des enseignants

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On peut se procurer la version française de cette rapport annuel en écrivant à la Commission.

Chairman's Report

The fiscal year 1986 proved to be yet another year in which the Commission implemented new benefits under the Act and embarked upon new services to contributors and pensioners.

Early in the year, the Treasurer announced that teachers would have greater opportunities to retire, by means of an early retirement incentive program, during the period leading up to September 1989. In essence, teachers retiring with at least 10 years service and 55 years of age may retire without reduction for the years they are short of the 90 factor or age sixty-five.

The level of activity at the Commission surrounding this one feature alone has been unprecedented. Mail and phone calls are coming in at record levels.

To meet these and other demands to communicate with contributors and pensioners, the Commission entered into a three year agreement with W.F. Morneau & Associates, to provide communication services during the 1986-1989 period. The agreement will also provide a fully functional Communications Department within the Commission by the middle of 1989.

In addition, the Commission laid the plans to increase the number of benefits counsellors from 7 to 12, effective early 1987. Given the complexities of the Teachers' Superannuation Act, 1983 and the number and variety of inquiries that counsellors must deal with, just the plans for training the new counsellors, much less identifying who they would be, took the fall months of 1986.

As the year ended, the Ontario Government made yet another announcement that will have dramatic impact upon the Teachers' Superannuation Act, 1983 and the operation of the Commission. The Government introduced the Pension Benefits Act, 1986, giving it first reading in December 1986.

The Commission is still assessing the full impact of the Pension Benefits Act, 1986 and, of course, until it is proclaimed, it is still subject to potential amendment. Nevertheless, initial analysis would indicate that contributors will be better served by the impact of the new Pension Benefits Act, 1986, by way of earlier vesting, higher interest on any refunds, transfer options and so on.

I would like to thank the staff of the Commission for their efforts to understand and implement the changes presently unfolding in the pension industry. As the Commission enters its 70th year I would commit ourselves to sustaining these efforts, to providing the services that will always allow contributors and pensioners to fully realize the many benefits of the Teachers' Superannuation Act.

C. Peter Honey
Chairman
(Appointed as Commissioner by the Minister, elected as Chairman by fellow appointees.)

STABILITY

Seventy years ago teachers in Ontario petitioned Sir William Hearst's government at Queen's Park, urging it to establish a superannuation plan for teachers. On April 12, 1917, the Teachers' and Inspectors' Superannuation Act was passed. The new pension plan was called the Teachers' Superannuation Fund and it guaranteed a pension to every teacher in Ontario.

The first seventy years of the Fund, your pension plan, have been marked by growth and achievement. With over $10 billion in total assets and almost 170,000 contributors and pensioners, the Teachers' Superannuation Fund is today one of the largest pension plans in Canada. And over the years the addition of improved benefits has also made it one of the most progressive.

What is remarkable about that growth is the way that it has occurred – gradually, carefully. From the

David Kennedy
Director
School Business & Finance Branch
Ministry of Education
(Appointed by the Minister)

beginning the Fund has been built on a solid, stable foundation, Province of Ontario debentures. Sound, prudent financial management and 70 consecutive years of growth have strengthened that foundation. Throughout, the Fund has upheld its commitment to make sure that retirement is a period of financial security for teachers in Ontario. Now and in the future. In 1987 the Teachers' Superannuation Fund is one of the strongest pension plans in Canada.

Throughout its long history the Fund has been a leader in improving retirement benefits for its subscribers. The first small step occurred in 1927 when the maximum pension was raised – from $1,000 to $1,250 a year! A survivor's benefit was introduced in 1932 and in 1945 it became possible for a teacher to receive credit in the Fund for service in another province.

Two of the most important improvements were added in the last 12 years – an automatic cost of living adjustment in 1975 and the use of the best 5 year average salary to calculate a pension, in 1984.

Most of all, what distinguishes the Fund as it celebrates its seventieth anniversary is its tradition. It is one that started in 1917 and grew strongly, through seventy years of history. And it is one that will continue to survive and flourish in the years ahead. That tradition is the purpose of the Teachers' Superannuation Fund – to make certain that retirement is a period of financial security for teachers in Ontario.

Helen Salisbury
(Appointed by the Minister)

Ronald E. Poste
Ontario Public
School Teachers' Federation
(Elected by the Teachers)

SERVICE

Over the years the Fund has grown. Benefits have been added, options increased, policies have changed. The Teachers' Superannuation Fund has evolved and today it is more than just a pension plan. It is a sure and safe way of investing in your future.

As the administrator of the Fund since the early days, the Teachers' Superannuation Commission has played a vital role in that growth. Over the years it has become actively involved with you, the contributor, helping make you aware of how a changing Fund affects you and your future financial requirements.

Today the Teachers' Superannuation Commission is a dynamic, responsive service organization that provides a host of helpful services to you, the contributor. From counselling services to pension estimates to informing you about new, enhanced benefits, our responsibility is to respond to your needs as you begin to invest in your future.

Peter W. Ferren
Director of Education
Welland County R.C.S.S. Board
(Appointed by the Minister)

And to help you with your planning we too are growing. Last year, in a major initiative that will streamline and improve our operations, we established a Communications Department. The move is a positive one and was made to help contributors keep pace with the virtual information explosion that has occurred in the last few years. In the years ahead, as the Fund continues to change, the Communications Department will be helping you interpret those changes, to understand how they will affect you and your plans for your future.

Yet despite our growth, the Commission's capacity to listen and respond to the personal needs of individual contributors is still as strong and undiminished as ever. From the beginning that has been the very essence of the Teachers' Superannuation Commission. Today, both our counselling services and appeals process amply and effectively demonstrate how the Commission remains a sensitive, caring service organization.

More than anything, the Commission's capacity to listen and its readiness to expand its services, exemplify its committment to helping contributors. Today that commitment is our purpose – to respond to the needs of contributors to the Teachers' Superannuation Fund. That too is a tradition, and like the Fund itself, it will continue to grow in the years ahead.

Bob Scott
Ontario English Catholic
Teachers' Association
(elected by the Teachers)

Josephine F. Stemerowicz
Federation of Women Teachers'
Association of Ontario
(Elected by the Teachers)

SECURITY

In our lifetime the greatest promise of a successful pension fund is its ability to guarantee and provide our financial security when we retire. As the administrator of the Teachers' Superannuation Fund, the Teachers' Superannuation Commission has been delivering on that promise to contributors since 1917.

The key to that success is a responsible investment strategy. It is one that has chosen patience over risk, reliability over uncertainty, and sure and steady growth for the future instead of quick, immediate return for the present. Its goal is security – for today and a lifetime of tomorrows.

Each year since 1917, the Fund has been sustained by contributions from teachers and the Province of Ontario. And each year since those early days, the Commission has invested almost all of those contributions in Province of Ontario debentures – whose consistent yield and predictable performance guarantee financial security.

Sal Pengelley
Incoming Chairman
Ontario Secondary
School Teachers' Federation
(Elected by the Teachers)

That investment strategy has remained unchanged over the years. Since 1917, the Teachers' Superannuation Fund has gained a reputation for being one of the strongest, most secure pension funds in all of Canada. And this is why, in 1987, a retired teacher in Ontario receives one of the best, most attractive pensions of any in the country.

Yet times change and in the years ahead, as the Teachers' Superannuation Fund continues to grow, so may its investment options. To evaluate those opportunities, and to explore the possibilities of diversifying the Fund's portfolio, the provincial government recently established a Task Force on Pension Investments. As the administrator of the Fund, the Commission will be presenting its own submission to that Task Force. In it, the Commission will express the keen desire to be directly involved in the development of any program to alter the present investment practice.

Over the first seventy years the Fund has grown dramatically and the Teachers' Superannuation Commission is pleased to have played an important part in that growth. Over the next seventy years, we look forward to playing an even more vital role in the financial security of contributors to the Fund – to continuing and strengthening our tradition of stability, service and security.

Kathy Bouey
Director, Intergovernmental Finance Policy Branch
Ministry of Treasury & Economics
(Appointed by the Minister)

Leon Vigneault
L'Associations des enseignants franco-ontariens
(Elected by the Teachers)

Director's Report

During 1986, the number of persons who received a pension under the Teachers' Superannuation Act, 1983, rose to 29,237, up from 27,243 in 1985. As described in the Chairman's Report, the early retirement incentive program is now in place and it is anticipated that the number of retirees will continue to grow rapidly.

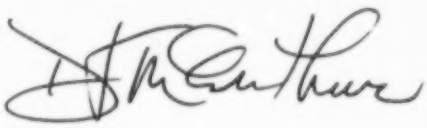
Not only are teachers planning for and actually retiring in greater numbers, they are also purchasing optional credit in the Fund at continued high volumes. In 1985, $5,281,000 was contributed by teachers to purchase optional credit, whereas in 1986, $6,203,000 was contributed for the same purpose.

Long term investments (i.e. 20 to 25 years) placed in 1986 amounted to $1,280,000,000 and attracted a weighted average yield of 10.67%. The Fund overall provided a yield of 10.7% in 1986. Readers are reminded that the interest rates on the long term investments placed by the Fund are determined by the open market, as the market values Ontario Government securities and those backed by the Ontario Government.

Cash flow data reveals that by 1994, the annual benefits paid will exceed the annual employee contributions alone. Further, by 2004, the benefits paid will exceed both the employee and the provincial government contributions. However, even 50 year cash flow projections never show the benefits exceeding the total of employee and provincial contributions, plus interest.

The Fund is sound. It is currently in a surplus position and will be able to pay all the current benefits to all the current contributors and pensioners.

In this, the 70th year of the Fund, the staff of the Commission welcomes the challenge presently extant in the pension industry and is committed to keeping the Teachers' Superannuation Commission at the forefront of pension stability, service and security.



D.F. McArthur
Director

D.F. McArthur
Director

REVENUE AND EXPENDITURE

Year ended December 31, 1986

Revenue

(000's)

Interest	Matching Contributions	Contributions by Contributors	Other		Total Revenue
			Transfers in	$3,763 – .23%	
			Repayments of Refunds	$5,719 – .36%	
				$9,482 – .59%	
$1,032,392 – 63.74%	$299,484 – 18.49%	$278,219 – 17.18%			$1,619,577 – 100%

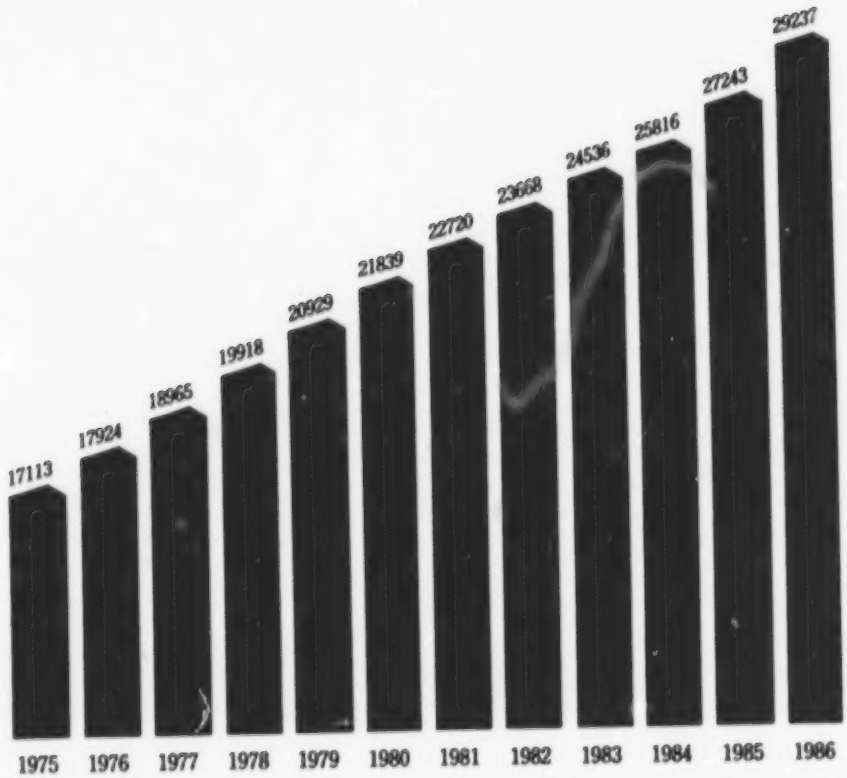
Expenditure

(000's)

Excess of Revenue Over Expenditure	Net Pension Expenditure	Other		Total Revenue
		Administration Expenditures	$6,965 – .43%	
		Refunds	$8,471 – .52%	
		Transfers out	$12,281 – .76%	
			$27,717 – 1.71%	
$1,349,521 – 83.33%	$242,339 – 14.96%			$1,619,577 – 100%

PENSION REGISTER

Year ended December 31, 1986



Number on pension as at:	31 December 1986	31 December 1985
Service		
Unreduced	13,248	12,428
Reduced	10,730	9,779
Disability		
Total	832	830
Partial	831	838
Survivor	3,596	3,368
	29,237	27,243

Teachers' Superannuation Fund

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

as at December 31, 1986
(in thousands)

ASSETS

	1986	1985
Investments		
Province of Ontario debentures	$ 9,469,100	$8,189,100
Short term	79,098	69,576
	9,548,198	8,258,676
Receivable from Province of Ontario		
Matching contributions	249,895	211,579
Interest on matching contributions	45,389	66,864
	295,284	278,443
Accrued interest receivable	320,463	279,271
Cash	17,513	17,416
Total assets	10,181,458	8,833,806

LIABILITIES

Accounts payable and accrued liabilities	6,872	5,250
Payable to school boards, net	707	486
Payable to Superannuation Adjustment Fund	299	4,011
Total liabilities	7,878	9,747
Net assets available for benefits (note 3)	$10,173,580	$8,824,059

Approved by

Chairman

Director

Teachers' Superannuation Fund

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

for the year ended December 31, 1986
(in thousands)

	1986	1985
Interest income		
Investments	$ 1,022,049	$ 883,573
Payments for additional credit in the Fund and board contributions	10,343	10,709
	1,032,392	894,282
Contributions		
By contributors employed in education by		
School boards	266,870	250,577
Designated private schools or organizations	5,146	5,336
For credit in the Fund	6,203	5,281
Matching contributions		
Province of Ontario including interest of $44,443 ($46,638 in 1985)	294,338	258,217
Designated private schools or organizations	5,146	5,336
Payments by Province of Ontario re unfunded liability (note 3)		39,098
Repayments of refunds and interest	5,719	4,687
Transfers from other pension funds including interest	3,763	3,194
	587,185	571,726
Total revenue	1,619,577	1,466,008
Benefits paid	397,058	339,518
Less recovery from:		
Province of Ontario		
Minimum pension and escalation subsidies for certain contributors	12,952	13,686
Escalation of pensions of contributors who did not contribute to Superannuation Adjustment Fund	91,486	82,612
Superannuation Adjustment Fund	50,281	40,741
	154,719	137,039
Net benefits paid	242,339	202,479
Refunds and transfers		
Refunds of contributions and interest	8,471	9,360
Transfers to other pension plans including interest	12,281	3,231
	20,752	12,591
Administration expenditures	6,965	5,049
Total expenditures	270,056	220,119
Net increase in net assets available for benefits	1,349,521	1,245,889
Net assets available for benefits at beginning of year	8,824,059	7,578,170
Net assets available for benefits at end of year (note 3)	$10,173,580	$8,824,059

Teachers' Superannuation Fund

STATEMENT OF LONG TERM INVESTMENTS

Province of Ontario debentures

as at December 31, 1986
(in thousands)

Maturity Date	Interest Rate (%)	1986 Principal	1986 %	1985 Principal	1985 %
1987	6.00 – 6.99	$ 176,000	1.86	$ 176,000	2.15
1992-1994	6.00 – 6.99	454,500	4.80	454,500	5.55
	8.00 – 8.99	195,000	2.06	195,000	2.38
		649,500	6.86	649,500	7.93
1995-1997	7.00 – 7.99	110,000	1.16	110,000	1.35
	8.00 – 8.99	172,000	1.82	172,000	2.10
	10.00 – 10.99	197,500	2.08	197,500	2.41
		479,500	5.06	479,500	5.86
1998-2000	7.00 – 7.99	9,500	0.10	9,500	0.12
	8.00 – 8.99	286,100	3.02	286,100	3.49
	9.00 – 9.99	1,026,000	10.84	1,026,000	12.53
	11.00 – 11.99	273,000	2.88	273,000	3.33
		1,594,600	16.84	1,594,600	19.47
2001-2003	9.00 – 9.99	488,000	5.15	488,000	5.96
	10.00 – 10.99	334,500	3.53	334,500	4.08
	11.00 – 11.99	296,000	3.13	296,000	3.61
	12.00 – 12.99	230,000	2.43	230,000	2.81
	13.00 – 13.99	315,000	3.33	315,000	3.85
		1,663,500	17.57	1,663,500	20.31
2004-2006	10.00 – 10.99	465,000	4.91		
	11.00 – 11.99	490,000	5.17	490,000	5.98
	12.00 – 12.99	1,396,000	14.74	1,396,000	17.05
	13.00 – 13.99	460,000	4.86	460,000	5.62
	14.00 – 14.99	335,000	3.54	335,000	4.09
		3,146,000	33.22	2,681,000	32.74
2007-2009	10.00 – 10.99	305,000	3.22		
	11.00 – 11.99	510,000	5.39		
	15.00 – 15.99	945,000	9.98	945,000	11.54
		1,760,000	18.59	945,000	11.54
		$9,469,100	100.00	$8,189,100	100.00

Teachers' Superannuation Fund

STATEMENT OF ADMINISTRATION EXPENDITURES

for the year ended December 31, 1986
(In thousands)

	1986	1985
Salaries and benefits	$3,971	$3,429
Purchase of computer equipment	546	
Printing and stationery	269	268
Data processing services	255	209
Postage, distribution and advertising	191	159
Computerized accounting project	184	183
Equipment rental	158	92
Communications consulting services	121	37
Office rental	121	
Telecommunications	121	90
Legal fees	114	35
Repairs and maintenance	113	104
Actuarial services	100	62
Publications and external communications	98	
Commissioners' costs	83	67
Equipment purchases	73	52
Consulting services	68	10
Audit fees	60	47
Space consulting fees	55	
Bank services	54	43
Utilities	44	42
Training and development	42	23
Translation services	36	24
Travel	35	35
Other	16	13
Insurance	13	8
Vehicle purchase	12	
Medical fees	12	17
	$6,965	$5,049

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 1986

1. DESCRIPTION OF THE PLAN

The following brief description of the Teachers' Superannuation pension plan (the Plan) is provided for general purposes only. For more complete information reference should be made to the Teachers' Superannuation Act, 1983 (the Act).

(a) General

The Plan is a contributory defined benefit pension plan of the Province of Ontario and is mandatory for persons who satisfy eligibility requirements provided in the Act. Under this Plan contributions are made by persons employed in education (contributors), certain boards and organizations and the Province of Ontario.

(b) Funding Policy

The Pension Benefits Act of Ontario requires that the Ontario Government, acting as the Plan sponsor, must fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of a triennial actuarial valuation.

(c) Service Pensions

A service pension is available based on credit in the Fund, best five year average salary and age of the contributor. A 90 factor provides an unreduced pension at any age. An early retirement service pension is available from age 55. Reduction factors which generally apply for early retirement pensions have been suspended for retirements in the period June 1986 to August 1989 inclusive.

(d) Disability Pensions

A disability pension is available at any age with a minimum of 10 years credit. A total disability pension is paid where the contributor is determined by the Teachers' Superannuation Commission (the Commission) to be incapable of further earning a livelihood. A partial disability pension is paid where the contributor is determined by the Commission to be totally disabled from further employment in education only.

(e) Survivor Pensions

A survivor pension is paid to a spouse, as defined in the Family Law Act, a dependant child, or a named dependant of a contributor who has a minimum of 10 years credit.

1. DESCRIPTION OF THE PLAN (Continued)

(f) Death Refunds

A death refund is payable to the estate of a pensioner or survivor where such pensions have not been paid to the full extent of the individual's contributions plus interest. In a similar manner, a death refund is payable to the estate of a contributor where no survivor pension is paid.

(g) Withdrawal Refunds

Upon application and subject to the lock-in provisions, withdrawal refunds, with interest on the contributions, are payable where a contributor ceases to be employed in education.

(h) Income Taxes

The Teachers' Superannuation Fund (the Fund) is a Registered Pension Trust as defined by the Income Tax Act and therefore is not subject to income tax.

(i) Superannuation Adjustment Fund

The Superannuation Adjustment Fund (the S.A.F.) is a contributory fund set up under the Superannuation Adjustment Benefits Act to provide cost-of-living escalation to pensioners under the Teachers' Superannuation Act. The Teachers' Superannuation Fund acts as an agent of the S.A.F. in the collection of contributions and the payment of benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The statements present the aggregate financial position of the Fund and have been prepared in accordance with generally accepted accounting principles except as indicated under the basis of accounting. They are prepared to assist plan participants in reviewing the activities of the Fund for the fiscal period.

The financial statements do not purport to reflect the financial status of the plan if terminated on the valuation date nor do they reflect the funding requirements of the Plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Accounting

i) Revenue

Contributions from contributors as well as matching contributions from designated private schools or organizations are recorded in the year in which they are received.

The matching contributions from the Province are recorded as an amount equal to the contributions of the contributors including payments for credit in the Fund where applicable, for the year preceding the current year. Interest is recorded on this amount for the nineteen month period ended December 31 of the current year in accordance with Section 6 of the Teachers' Superannuation Act, 1983.

Special payments from the Province are recorded in the year in which they are received.

ii) Expenditures

Capital expenditures, including expenditures for real property, are reflected as administration expenditures in the statement of changes in net assets available for benefits in accordance with the Act.

No provision is made for future benefits to be paid to contributors or for refunds to eligible former contributors who have ceased to be employed in education and have not elected to withdraw their contributions. However, provisions for such amounts are included in the determination of the actuarial liabilities.

iii) Investments

Province of Ontario debentures

Maturing debentures and other surplus funds will be used to purchase Province of Ontario debentures in accordance with Section 72 of the Act. Province of Ontario debentures are stated at cost. These investments are not valued at their current market value as they are required to be held to the maturity of the debenture. Accordingly, increases or decreases in current value will not be realized.

Short term

Short term investments are stated at cost which approximates market value.

3. NET ASSETS AVAILABLE FOR BENEFITS

The adequacy of the net assets available for benefits is determined by an actuarial valuation at least once each three years. The latest actuarial valuation filed with the Pension Commission of Ontario was as at December 31, 1984.

Changes to the benefit structure which were announced in February 1986 have not been incorporated in the information set out in this note. However, these changes will have an impact on the adequacy of the net assets available for benefits.

The actuarial liabilities of the plan are determined by applying actuarial assumptions to project the amount and timing of future benefits and refunds together with teacher and matching contributions, and then discounting those projected benefits and contributions to reflect the time value of money between the valuation date and the expected dates of payment. The significant actuarial assumptions used were:

i) investment earnings and general salary increase rates:

	Assumed Interest Rate on Debenture Placements in the year	General Salary Increase Rate
	%	%
1985	12.1	5.0
1986	10.4	5.0
1987	8.7	5.5
1988 and later	7.0	6.0

ii) mortality rates are based on actuarial studies of recent experience among the active and retired contributors of the Fund.

iii) the assigned probabilities of eligible contributors at indicated ages assumed to retire in the next year with an unreduced service pension:

Age	%
	varying from
55-63	23-28
64	40
65	100

3. NET ASSETS AVAILABLE FOR BENEFITS (continued)

iv) withdrawal rates are based on actuarial studies of the recent experience among the active contributors of the Fund.

The actuarial valuation at December 31, 1984 revealed the following:

	(in thousands)
Net assets available for benefits at December 31, 1984.	$ 7,578,000
Adjustment to reflect yield on invested assets equivalent to valuation interest assumption	3,178,000
Contributions receivable from Province	267,000
Other assets	60,000
Present value of expected excess interest on future debentures	1,249,000
Actuarial assets	12,332,000
Actuarial liabilities	11,639,000
Surplus at December 31, 1984	$ 693,000

In accordance with the Pension Benefits Act of Ontario and the 1984 valuation report, special payments are not required.

4. CONTINGENCY

A claim against the Fund exists on account of corrective steps taken in September 1986 in order to conform to a legal interpretation of the Act. These steps have resulted in the reduction of approximately 1500 pensions on a prospective basis. The outcome of this claim cannot be reasonably determined at this time. Accordingly, no provision has been made in the financial statements. Settlement, if any, would be accounted for on a prospective basis.

5. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to reflect the financial statement presentation adopted for 1986.

Ontario

OFFICE OF THE PROVINCIAL AUDITOR

Box 105, 15th Floor, 20 Dundas St. West
Toronto, Ontario M5G 2C2
(416) 974-9866

To the Members of the Teachers' Superannuation Commission
and to the Treasurer of Ontario.

I have examined the statements of net assets available for benefits and long term investments of the Teachers' Superannuation Fund as at December 31, 1986, and the statements of changes in net assets available for benefits and administration expenditures for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies set out in the Summary of Significant Accounting Policies (note 2) to the financial statements applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Commission and to the Treasurer of Ontario.

D.F. Archer

Toronto, Ontario
February 20, 1987.

D.F. Archer, F.C.A.,
Provincial Auditor.

Teachers' Superannuation Commission

SUMMARY OF SELECTED FINANCIAL DATA

as at December 31, 1986
(in thousands)

	1986	1985	1984	1983	1982
Investments, at cost	9,548,198	8,258,676	7,110,619	6,088,499	5,271,100
Net assets available for benefits	10,173,580	8,824,059	7,578,170	6,489,094	5,600,381
Interest earned on investments	1,022,049	883,573	745,447	624,462	503,250
Contributions received from					
– Contributors & designated employers	283,365	266,530	246,444	202,577	183,220
– Province of Ontario					
– Matching contributions	294,338	258,217	230,282	190,302	168,042
	577,703	524,747	476,726	392,879	351,262
– Special payments		39,098	39,098	39,098	119,827
– Minimum pensions	12,952	13,686	14,279	15,158	15,987
– Escalations, certain contributors (a)	91,486	82,612	73,696	64,429	55,770
	104,438	135,396	127,073	118,685	191,584
Payments to contributors					
– Pensions (b)	397,058	339,518	291,624	253,485	224,406
– Recovery from SAF	(50,281)	(40,741)	(31,326)	(22,723)	(15,750)
– Contributions, plus interest refunded	8,471	9,360	6,826	7,290	10,619
Refunds repaid	5,719	4,687	3,122	1,291	635
Transfers from (to) other pension funds	(8,518)	(37)	60	(173)	(961)
Administration expenditures					
– Amount	6,965	5,049	4,387	4,074	3,710
– Percentage increase over 1974	623%	452%	393%	365%	332%
Revenues less expenditures					
– Amount	1,349,521	1,245,889	1,089,076	888,713	824,224
– Percentage increase over 1974	606%	560%	490%	400%	371%
Actuarial liability (surplus)	(693,000)	(693,000)	(693,000)	433,000	433,000
Rate of return on investments	10.7%	10.7%	10.5%	10.3%	9.5%

(a) Payments awarded to those contributors who had not contributed to the Superannuation Adjustment Fund (SAF)
(b) Includes recoveries from the SAF

Teachers' Superannuation Commission

SCHEDULE OF ADMINISTRATIVE EXPENDITURES

as at December 31, 1986
(in thousands)

	1986	1985	1984	1983	1982
Personnel services, including employee benefits					
– salaries	$3,475	$2,969	$2,696	$2,479	$2,275
– benefits	496	460	420	397	305
– training and development	42	23			
	4,013	3,452	3,116	2,876	2,580
Transportation and Communications					
– travel expenses	35	35	32	60	52
– postage	191	159	122	115	85
– publications & external communications	98				
Purchase of Services					
– actuarial	100	62	62	101	89
– audit	60	47	34	46	35
– medical	12	17	12	12	14
– legal	114	35	20	16	23
– communications consulting	121	37			
– other professional services	123	10	20	14	16
– translation	36	24	21	11	14
– maintenance and repairs	113	104	67	65	72
– utilities	165	132	127	82	87
– office rental	121				
– rental, data processing/office equipment, other data centre services	413	301	378	381	335
– insurance	13	8	4	4	4
– commissioners' costs	83	67	67	32	19
– computerized accounting project	184	183			
Material and Supplies					
– printing and stationery	269	268	155	141	136
– office furniture, equipment and vehicle	85	52	94	43	88
– computer equipment purchase	546				
Unclassified	70	56	56	75	61
Total	$6,965	$5,049	$4,387	$4,074	$3,710

Teachers' Superannuation Commission

SUMMARY OF SELECTED DATA

For the Calendar Year

	1986	1985	1984	1983	1982
Contributors (active)					
– Female	(a)	85,304	83,435	81,536	80,796
– Male	(a)	53,316	53,197	53,073	52,960
– Total		138,620	136,632	134,609	133,756
Contributors (active)					
– Full-time	(a)	109,721	107,453	106,871	106,844
– Part-time	(a)	9,270	9,523	9,136	8,349
– Casual	(a)	19,629	19,656	18,602	18,563
– Total		138,620	136,632	134,609	133,756
Pensioners by type of pension					
– Unreduced	13,248	12,428	11,742	11,210	10,818
– Reduced	10,730	9,779	9,278	8,947	8,697
– Disability					
Full	832	830	809	803	787
Partial	831	838	813	791	772
– Survivor	3,596	3,368	3,174	2,785	2,594
– Total	29,237	27,243	25,816	24,536	23,668

a) Not available

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March 21, 1986

ACTUARIES' OPINION

THE TEACHERS' SUPERANNUATION FUND

The Teachers' Superannuation Fund is financed by:

i) contributions by teachers at the rate specified in the Teachers' Superannuation Act;

ii) contributions by the Province and other employers that match the teachers' contributions; and

iii) special payments by the Province in amounts which, when added to the teacher and matching contributions, are sufficient to finance the benefits payable from the Fund and meet the funding requirements under the Ontario Pension Benefits Act.

We have made an actuarial valuation of the Fund as of December 31, 1984. On that date, the teacher and matching contributions were at the rate of 6.9% of salary less 1.8% of the part of a teacher's salary between the Year's Basic Exemption and the Year's Maximum Pensionable Earnings under the Canada Pension Plan. We determined in the actuarial valuation that the Province was not required to make any special payments to the Fund after December 31, 1984.

In our opinion, the actuarial value of the assets of the Fund on December 31, 1984 and of the teacher contributions and matching contributions by the Province exceeded the actuarial value of all benefit obligations under the Teachers' Superannuation Act as it existed on December 31, 1984 with respect to both the past and future service of all active, inactive and retired teachers who began teaching at any date before December 31, 1984. Notwithstanding the foregoing opinion, emerging experience differing from the assumptions that we used will result in gains or losses that will be revealed in future valuations.

The above results do not reflect the amendment to the provisions of the Teachers' Superannuation Act that was made in February 1986. In addition, they do not take account of the escalation benefits and the contributions by teachers, the Province and designated employers that are provided under the Superannuation Adjustment Benefits Act.

In our opinion, the data on which the above valuation results are based are sufficient and reliable for the purpose of the valuation, the assumptions used are adequate and appropriate for the purpose of the valuation, and the methods employed are consistent with sound actuarial principles.

M. D. R. Brown P F Flanagan

M. David R. Brown, F.C.I.A. Patrick F. Flanagan, F.C.I.A.

WORKSHOP SCHEDULE

1987-1989

The workshops sponsored by the affiliates of the Ontario Teachers' Federation on retirement matters will be held during the school years 1987-1988 and 1988-1989 at the locations listed below. Anyone may submit a request to the local affiliate for a personal interview with a representative of the Teachers' Superannuation Commission at that time.

1987-88			1988-89		
October	2- 3	Kingston	September	30-October 1	St. Catharines
October	16-17	Niagara Falls	October	14-15	Goderich
October	30-31	Cornwall	November	4- 5	Elliot Lake
November	13-14	Burlington	November	18-19	Chatham
November	27-28	Sudbury	December	2- 3	Hamilton
January	29-30	Metro-Etobicoke York Borough	January	27-28	Metro-Toronto
February	12-13	Brantford	February	10-11	Ottawa
February	26-27	Oshawa	February	24-25	London
March	25-26	Sault Ste. Marie	March	31-April 1	Belleville
April	15-16	York County	April	21-22	Kapuskasing
May	13-14	North Bay	May	12-13	Thunder Bay

Membership of the Commission

During 1986, Mr. Bob Scott resigned from the Commission after 10 years of service. He was replaced by Mr. George Saranchuk starting January 1987. Also during 1986, Messrs. Frank Kidd, Chairman and John Ilkiw resigned from the Commission. They were replaced by Mr. David Kennedy and Ms. Kathy Bouey, respectively.

Acknowledgements

The Commission acknowledges the advice and assistance which has been received throughout the year from its advisors.

Mr. Roger Barton – Solicitor
Eckler Partners Ltd. – Actuary
Thorne Ernst & Whinney – Chartered Accountants
Dr. B.W. Vale – Medical Referee

Communications

This Annual Report has been prepared by W.F. Morneau & Associates, Communications Consultants to the Commission. The Commission is interested in your comments on the publication and we would kindly ask you to send them to:

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Teachers' Superannuation Commission
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The information contained in this Annual Report does not purport to describe the benefits of the Teachers' Superannuation Act in full detail. Should there be any discrepancies the Teachers' Superannuation Act and Regulation will apply. You can obtain a copy of it through your school or by writing to the Commission.